

**ENFIELD TOWN COUNCIL
MINUTES OF A SPECIAL MEETING
TUESDAY, FEBRUARY 17, 2015**

A Special Meeting of the Enfield Town Council was called to order by Chairman Kaupin in the Enfield Room of the Enfield Town Hall, 820 Enfield Street, Enfield, Connecticut on Tuesday, February 17, 2015. The meeting was called to order at 5:30 p.m.

ROLL-CALL – Present were Councilors Arnone, Bosco, Cekala, Deni, Edgar, Kaupin, Lee, Mangini, Stokes and Szewczak. Councilman Hall was absent. Also present were Town Manager, Matthew Coppler; Assistant Town Manager, Derrik Kennedy; Town Clerk, Suzanne Olechnicki; Town Attorney, Kevin Deneen; Director of Finance, Lynn Nenni; Director of Public Works Jonathan Bilmes; Assistant Director of Public Works/Business Operations Manager, Rosalie Bouchard*

BLUM SHAPIRO REVIEW OF AUDIT

Ms. Nenni introduced Vanessa Rossitto and Megan Heaphy from Blum Shapiro.

Ms. Rossitto stated there were two new accounting standards adopted during Fiscal Year 2014, and those are GASB 65 and GASB 67. She explained GASB 65 reclassifies things out of assets and liabilities into their own category. She noted GASB 67 is financial reporting for pension plans, and this is a new way that the pension liabilities are calculated by the actuaries and recorded in the notes to the financial statements.

She noted they did not encounter any difficulties in performing the audit, nor did they have any disagreements with management in performing the audit.

She reviewed the Comprehensive Annual Financial Report and noted the audit opinion is located on Pages 1, 2 and 3. She stated management is basically responsible for the preparation and fair presentation of the financial statements in accordance with GAP, and management is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements so that they're free from material misstatement, whether due to error or fraud.

She stated the auditors' responsibility is to express opinions based upon their audit of the financial statements. She noted they conduct their audit in accordance with auditing standards generally accepted in the USA and government auditing standards.

She referred to the auditors' opinion on Page 2, and noted they gave an unmodified opinion on the governmental activities in each major fund. She stated this is a clean opinion.

*Director and Assistant Director of Public Works added 03/02/2015

She stated Page 4 has to do with management discussion and analysis, and this is a good tool to use while looking at the financial statements.

She noted the major funds are located on Pages 16 through 18.

Ms. Rossitto noted the total fund balance as of June 30, 2014 was \$23,465,000, and of this amount a little more than \$16 million dollars is unassigned; \$832,000 is assigned, and of the \$832,000, \$700,000 is used to balance the 2015 budget. She stated \$1,968,000 is committed and \$4,624,000 is non-spendable, meaning it's classified in pre-paid items or advances to other funds.

She stated the fund balance of the General Fund did increase from 2013 by a little more than \$4 million dollars from \$19.4 million to \$23.4 million.

She then spoke about the Water Pollution Control Fund, and noted this fund has a negative fund balance of \$3.5 million dollars. She noted this fund is now accepting charges for services as revenue, and the Town received \$1.6 million dollars for charges for services. She stated previously it was property tax revenue.

Ms. Rossitto stated the bonded projects fund has an ending fund balance of negative \$10.8 million, which is a decrease of \$4.6 million from the prior year. She stated the capital non-recurring fund has a fund balance of \$3.8 million dollars, which is a decrease of a little more than one million dollars from the previous year. Ms. Nenni stated the bonded projects fund balance is negative because they haven't issued debt for some of those projects yet.

Ms. Rossitto referred to Page 75 and the internal service funds and noted these funds include the Health Insurance Fund, the Information Technology Fund and the Commercial Liability Fund.

She noted the pension trust funds net position increased from \$96.9 million to \$111.1 million with contributions of \$4.7 million in that fund and investment earnings of \$14.5 million and with benefits and administrative expenses a little more than \$5 million dollars.

Ms. Rossitto stated because the Town receives both federal and state grants, they're required to perform a single audit on these funds. She noted there are three reports for each single audit, and the first report has to do with compliance over the major programs and the second report has to do with the internal control over the major programs and the third report has to do with internal control over financial statements. She stated the listing of grants that the Town receives starts on Page 4, and the total amount of federal grants that the Town spent was \$5.9 million dollars, and according to rules set forth by the federal government, they tested two programs – the Special Education cluster and the Social Services Block Grant. She noted they issued a clean or unmodified opinion over the compliance of those two programs and over internal control compliance.

She referred to the third letter, which has to do with internal control over financial statements, and noted they did have a finding (Page 12). She noted during their audit there were a couple audit adjustments made to the books and records of the Town and Board of Education that were material, which they feel would not have been made had there not been an audit. She stated management is responsible for making sure that all the adjustments are captured in the financial statements. She noted there were accounts payable in the bonded projects fund that were not properly recorded for invoices received after year end. She added there were various accounts in the cafeteria fund and the school miscellaneous fund that needed adjustments. She stated they are recommending that the Town re-visit their current internal control policies and procedures to insure that there are adequate policies established for these areas to be sure that the financial statements are in accordance with GAP. She noted management is required to submit a collective action plan and a response (Page 12).

Ms. Nenni referred to the comment about the bonded projects and noted that has been corrected. She explained a couple invoices were posted to the wrong year.

Referring to the state single audit, Ms. Rossitto stated the Town spent \$37.8 million dollars in state financial assistance. She noted they tested five programs, which are listed on Page 11. She noted they did have a finding on the Child Day Care Program, which can be found on Page 13. She noted the criteria for this grant is that the Town is required to obtain and retain documentation of birth certificates in student files. She stated of the 16 students tested for eligibility, two did not have documentation of their birth certificate. She noted they recommend the Town implement procedures to insure that birth certificates are retained for all students prior to participating in the program. Ms. Nenni stated this has been corrected.

Ms. Rossitto referred to the management letter and stated the first item has to do with the segregation of duties. She noted the lack of segregation of duties could result in erroneous postings to the general ledger and could create an opportunity for fraudulent activities. She stated the same person prints and mails the vendor checks and the same employee can collect taxes, count their own drawer and prepare the deposits. She noted they are recommending that the Town strengthen these processes to insure a segregation of duties exists. She stated it is recognized that municipalities are running lean and sometimes it's difficult to segregate such duties, but they believe the best case scenario would be to segregate these duties. Councilor Arnone questioned whether this manpower issue will be addressed at budget time, and Ms. Nenni stated they can address this issue with their current staffing, and it just requires some reorganization of duties.

Ms. Rossitto stated they're recommending that reviews are documented by a signature and a date on interest calculations and corrections in the tax collectors office and the monthly bank reconciliations at the Board of Education.

She noted another item has to do with the tax collector office. She stated the staff in the tax collectors department has the ability to write off interest in the tax system without

review or approval. She stated they're recommending that the Town implement procedures to reduce the access to write off interest payments in the tax collector office.

She stated the next item has to do with capital asset reporting. She noted the sewer system capital assets are maintained in an Excel spreadsheet outside the Munis system, which is the Town's financial system. She stated it's being recommended that those capital assets be brought into the capital asset module in Munis.

She stated the Town's Finance Office and the Board of Education do not have an accounting procedure manual. It's being recommended they create and implement one because it's a great tool.

Councilor Mangini questioned whether they're working in conjunction with the Board of Education to address recommendations. Ms. Nenni stated she hasn't talked to the Board of Education. She explained the Town's procedures are very separate from the Board of Education. She noted the Board of Education would really have to come up with their own transaction manual to accommodate how they do things.

Chairman Kaupin questioned whether such a manual has to be drafted from scratch, and Ms. Nenni stated they have procedures in place for how to process accounts payable, how to process purchase orders and how to process payroll. She noted it's a matter of bringing it all together and adding some detail where needed. She stated it should be a living/breathing document because things change.

Ms. Rossitto spoke about having a fraud risk assessment performed, which would involve an outside organization coming in to help assess which parts of the town are more susceptible to fraud. She noted there could be an anonymous fraud tip line. She stated according to a study, 42% of corruption cases are detected by tips and 49% of the time tips come from inside employees. She noted there would be a third party that the tip is reported to and it then comes to the Board.

MOTION #3021 by Councilor Mangini, seconded by Councilor Bosco to go into Executive Session to discuss Personnel Matters, Pending or Threatened Litigation and Real Estate Negotiations.

Upon a **SHOW-OF-HANDS** vote being taken, the Chair declared **MOTION #3021** adopted 10-0-0. The meeting stood recessed at 5:55 p.m.

EXECUTIVE SESSION

The Executive Session of the Enfield Town Council was called to order by Chairman Kaupin at 5:56 p.m.

ROLL-CALL – Present were Councilors Arnone, Bosco, Cekala, Deni, Edgar, Kaupin, Lee, Mangini, Stokes and Szewczak. Also present were Town Manager, Matthew Coppler; Assistant Town Manager, Derrik Kennedy; Town Clerk, Suzanne Olechnicki; Town Attorney, Kevin Deneen

Personnel Matters, Pending or Threatened Litigation and Real Estate Negotiations were discussed with no action or votes being taken.

Chairman Kaupin adjourned the Executive Session at 6:50 p.m. He reconvened the Special Meeting at 6:51 p.m. and stated during Executive Session, Personnel Matters, Pending or Threatened Litigation and Real Estate Negotiations were discussed with no action or votes being taken.

ADJOURNMENT

MOTION #3022 by Councilman Mangini, seconded by Councilman Bosco to adjourn.

Upon a **SHOW-OF-HANDS** vote being taken, the Chair declared **MOTION #3022** adopted 10-0-0, and the meeting stood adjourned at 6:52 p.m.

Respectfully submitted,

Suzanne F. Olechnicki
Town Clerk
Clerk of the Council

Jeannette Lamontagne
Secretary to the Council